COVER SHEET REV 20100709a

ERIE COUNTY CLERKS OFFICE

County Clerk's Recording Page

Book: **11192** Page: **4576**

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Return To:

ARDENT RESOURCES INC-MAIL
61 MCMURRAY
STE 204
PITTSBURGH PA 15241

Party 1:
SARDINIA TOWN OF PRATHAM ROAD CEMETERY

Party 2:
ARDENT RESOURCES INC

Doc Type: **OIL&GAS LEASE <500**
Rec Date: **11/23/2010**
Rec Time: **10:35:23 AM**
Control #: **2010213248**
User ID: **chrisk**
Trans Num: **984863**
DEED SEQ: **TT2010006129**
MTG SEQ:
UCC:
SCAR:
INDEX:

Recording Fees:	
RECORDING	$36.00
COE CO $1 RET	1.00
COE STATE $14.25 GEN	$14.25
COE STATE $4.75 RM	$4.75
TP584	$10.00

Consideration Amount:	**$1.00**
BASIC	**$0.00**
SONYMA	**$0.00**
ADDL	**$0.00**
NFTA MT	**$0.00**
TRANSFER	**$0.00**
NFTA TT	**$0.00**

Total: **$66.00**

STATE OF NEW YORK
ERIE COUNTY CLERK'S OFFICE

WARNING - THIS SHEET CONSTITUTES THE CLERK'S ENDORSEMENT, REQUIRED BY SECTIONS 319&316-a (5) OF THE REAL PROPERTY LAW OF THE STATE OF NEW YORK. DO NOT DETACH. THIS IS NOT A BILL.

Kathleen C. Hochul
County Clerk

Paid-Up

NON-SURFACE DEVELOPMENT OIL & GAS LEASE

SARDI-0601900

THIS AGREEMENT, entered into this the 10th day of September, 2010, made Effective **10th** day of **February, 2011** (Effective Date) by and between, **Sardinia Town of Pratham Road Cemetery**, whose mailing address is, 12320 Savage Road, Sardinia, New York 14134-0219, hereinafter called to as Lessor (whether one or more), and **ARDENT RESOURCES, INC.**, of Brookside Office Park Two, Suite 204, 61 McMurray Road, Pittsburgh, PA, 15241, hereinafter called Lessee,

1. Lessor, for and in consideration of One dollar ($1.00) and other valuable consideration in hand paid by Lessee, the receipt of which is hereby acknowledged, and the covenants and agreements hereinafter contained, does hereby lease and let exclusively unto the Lessee, and its successors and assigns, all the oil and gas in the lands described below, with the exclusive right to operate for, produce and market same from a well or wells on other lands; and otherwise exploring and operating for oil and gas by any and all means, expressly including the exclusive right to conduct seismic and other geophysical and geochemical surveys; and the right to unitize Lessor's lands, or any portion, or strata, with other as described below. *This Lease is for a primary term of* **Five (5) years**, and as long thereafter as operations are being conducted on any such unit or oil or gas can be produced in paying quantities in Lessee's judgment from any such unit. This lease covers all of Lessor's land in and adjoining **Town of Sardinia, Erie County, New York, Tax Map No(s). 292.00-3-2** and **293.00-1-2**; and containing, for the purpose of calculating rentals, **1** acre of land whether actually containing more or less, and part or all of said lands is described in that certain deeds to Lessor; recorded in Liber/Page: 223/442 and 289/176, in the County Clerk's Office of said County, ~~it being the intent of Lessor to include all lands owned by the Lessor in said County.~~ mea

2. Lessor shall be paid as royalties a proportional share of one-eighth (1/8) of proceeds realized by Lessee on all the oil and gas sold off the unit, as the amount of the Lessor's acreage in the unit bears to total acreage in the unit, the same to be paid by the end of the next month following Lessee's receipt of payment for same, less any tax imposed by any government body, including but not limited to, severance taxes. If production shall temporarily cease from any such unit for twelve (12) continuous months, then thereafter Lessor shall be paid fifty dollars ($50.00) per year until production is reestablished or the unit well(s) is plugged and abandoned according to law.

3. **No well shall be drilled on Lessor's property, nor shall Lessee enter upon or install any surface installation of any nature whatsoever on the leased property,** the within Lease being granted for the purpose of permitting Lessee to unitize the leased property with other properties, which other properties shall bear all the burden of surface development. Lessor understands and gives consent that, due to slant (directional) drilling originating from surface entry on a parcel not owned by Lessor, the wellbore may pass through or terminate below the surface of Lessor's property, **provided that the same shall not in anyway interfere with or prevent the use of the premises as a cemetery.** mea

4. This Lease shall be binding on all heirs, successors and assigns of Lessor and Lessee. If the leased land is hereinafter owned in separate tracts, the premises, nevertheless, shall be treated as an entirety and all payments due shall be paid proportionally (on an acreage basis) to each separate owner, and if Lessor owns less than the entire fee, Lessor shall be paid only his proportional share of any payment due. Lessee may at any time assign or surrender this Lease in whole or in part.

5. No change of ownership in the leased premises or in the rentals or royalties hereunder shall be binding on Lessee until after notice to the Lessee either by delivery of notice in writing duly signed by the parties to the instrument of conveyance or assignment and delivery of such original instrument or a duly certified copy thereof to the Lessee.

6. In the event Lessor considers Lessee has not complied with its expressed or implied obligations hereunder, Lessor shall notify Lessee in writing indicating specifically what Lessee allegedly has breached. Lessee shall have 30 days after receipt of said notice to meet or commence to meet any part of the breached alleged by Lessor. Lessor shall not bring any action against Lessee until after 30 days after service of such notice on Lessee.

7. Lessor hereby warrants and agrees to defend title to the land herein described and agrees that Lessee, at its option, may pay and discharge any taxes, mortgages, or other liens existing, levied or assessed on or against the said lands and, in the event it exercises such option, it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself for any payments due hereunder.

8. If and when drilling or other operations hereunder are delayed or interrupted by lack of water, labor or material, or by fire, storm, flood, war, rebellion, insurrection, riot, strike, differences with workmen, or failure of carriers to transport or furnish facilities for transportation, or as a result of some order, rule, regulation, requisition or necessity of the government, or as the result of any other cause whatsoever beyond the control of Lessee, the time of such delay or interruption shall not be counted against Lessee, anything in this lease to the contrary notwithstanding. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders (including Consent Orders), Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages for failure to comply therewith, if compliance is prevented by, or if such failure is the result of any such Law, Order, Rule or Regulation.

9. Lessor grants to the Lessee, its heirs and assigns, the right, privilege, and option to consolidate the leased premises, or any portion thereof, with other lands to form a unit of such a size and configuration as permitted and/or mandated by the State of New York Department of Environmental Conservation (NYDEC), Division of Mineral Resources pursuant to ECL § 23-0501 and 23-0901 and NYCRR 553.3 for the development to the same effect as if said premises, together with others in the area, had been jointly leased by various Lessors to the Lessee as a single undivided tract and in such event Lessor agrees to accept, in lieu of the royalty hereinbefore recited, such proportion of one-eighth (1/8) of the oil or gas marketed from the unitized area as his acreage included therein bears to the total acreage of the unitized area. Lessee may give notice to Lessor of such consolidation by mail to the above address or by filing a declaration of record describing the properties so consolidated or unitized. In the event that the Lessee is prohibited by the DEC from disbursing royalties prior to DEC's issuance of a final order determining the unit size and/or configuration as stated above, Lessee shall continue rental payments as described herein, which payments shall be credited against future royalties.

10. **Lessee agrees to pay Lessor a "paid-up" rental for the Five (5) year primary term, the sum of ONE HUNDRED DOLLARS ($100.00) upon the Effective Date of said lease; except as provided for in Paragraph 2 above and 11 below, this shall be the only payment arising under this Lease.**

1951-2-2
13248

11. Lessee may extend the primary term of this Oil and Gas Lease for one additional period equal to the primary term by paying to Lessor at any time within the primary term proportionate to Lessor's percentage of ownership an Extension Payment equal in amount to the Rental as herein described in paragraph 10 above, or by complying with any terms and/or conditions described herein.

IF THIS LEASE BECOMES FORFEITED, TERMINATED OR EXPIRES, THE LESSEE, OR IF THE LEASE HAS BEEN ASSIGNED, THE ASSIGNEE IS REQUIRED TO PROVIDE A DOCUMENT CANCELING THE LEASE AS OF RECORD, AT NO COST TO THE CURRENT LANDOWNER. IF THE LESSEE OR ASSIGNEE FAILS TO CANCEL THE LEASE, THE CURRENT LANDOWNER MAY COMPEL A CANCELLATION PURSUANT TO SECTION 15-304 OF THE GENERAL OBLIGATIONS LAW.

THIS IS A LEASE OF OIL AND GAS RIGHTS, NOT A SALE, CONTAINING TERMS THAT MAY BE NEGOTIATED BY YOU. YOU HAVE THE RIGHT TO CANCEL THIS LEASE WITHIN THREE BUSINESS DAYS AFTER EXECUTION OF THE LEASE BY NOTIFYING THE LESSEE THAT YOU HAVE CANCELED THIS CONTRACT. IN ORDER TO CANCEL THIS LEASE YOU MUST EXECUTE A NOTICE OF CANCELLATION IN THE FORM PROVIDED BELOW, MAIL IT TO THE LESSEE AND REFUND ALL AMOUNTS PAID TO YOU BY THE LESSEE WITHIN THE THREE-DAY CANCELLATION PERIOD. THE MAILING MUST BE POSTMARKED WITHIN THE THREE-DAY CANCELLATION PERIOD TO BE EFFECTIVE.

NOTICE OF CANCELLATION

I/WE HEREBY CANCEL THIS LEASE.
DATED:
SIGNATURE(S):

THE PERSON PRESENTING THIS LEASE TO YOU IS () NOT (X) A MEMBER OF NORTHERN APPALACHIAN LANDMAN ASSOCIATION AND THEREFORE IS SUBJECT TO A CODE OF CONDUCT. IF THE PERSON PRESENTING THIS LEASE TO YOU IS SUBJECT TO A CODE OF CONDUCT, A COPY OF THE CODE OF CONDUCT MUST BE PRESENTED TO YOU WITH THIS LEASE. IF APPLICABLE, THE CODE OF CONDUCT PROVIDES A DISPUTE RESOLUTION MECHANISM FOR ANY DISPUTE THAT YOU MAY HAVE REGARDING THE MANNER BY WHICH THIS LEASE WAS PRESENTED TO YOU. IF YOU HAVE ANY SUCH DISPUTE, YOU MAY INVOKE THE DISPUTE RESOLUTION MECHANISM FOR THE CODE OF CONDUCT BY CONTACTING THE PERSON OR PERSONS DESIGNATED IN THE CODE OF CONDUCT. THE FAILURE OF THE LESSEE TO PAY ANY ROYALTIES TO YOU AS REQUIRED UNDER THE TERMS OF THE LEASE FOR A PERIOD OF FOUR CONSECUTIVE MONTHS OR MORE SHALL BE A DEFAULT UNLESS OTHERWISE PROVIDED BY LAW, AND WILL RESULT IN CANCELLATION OF THE LEASE APPLICABLE TO THE TARGET FORMATION OF THE WELL WITHIN THE SPACING UNIT, FOLLOWING WRITTEN NOTIFICATION TO THE LESSEE OF YOUR INTENT TO CANCEL AND SIXTY DAYS FOR THE LESSEE TO CURE THE DEFAULT. IF THE LESSEE HAS A BONA FIDE DISPUTE REGARDING THE GROUNDS FOR CANCELLATION, SUCH DISPUTE AND THE REASONS THEREFORE MUST BE PROVIDED TO YOU IN WRITING OR THE DEFAULT MUST BE CURED WITHIN SUCH SIXTY DAY PERIOD OTHERWISE THE LEASE SHALL BE CANCELED.

IN WITNESS WHEREOF, the Lessor has/have hereunto set its/their hand(s) the and year first above written

WITNESS:

Glen J. Beach

LESSOR: **Sardinia Town of Pratham Road Cemetery**

Mary L. Hannon

Acting herein by: **Mary L. Hannon**
Title: **Town Supervisor**

Acknowledgement by Subscribing Witness:

STATE OF NEW YORK)
) SS:
COUNTY OF ERIE)

On this 10th day of September, in the year 2010, Before me, the undersigned, a Notary Public in and for said State, personally appeared Glen J. Beach, the subscribing witness to the foregoing instrument, with whom I am personally acquainted, who, being by me duly sworn, did depose and say that he/she/they reside(s) in Grand Bend, Ontario; that he/she/they know(s) Mary L. Hannon, Town Supervisor to be the individual(s) described in and who executed the foregoing instrument; that said subscribing witness was present and saw said Mary L. Hannon, Town Supervisor execute the same; and that said witness at the same time subscribed his/her/their name(s) as witness thereto.

Betsy A. Marsh
Notary Public

My Commission Expires: 6-15-2011

BETSY A. MARSH
Notary Public, State of New York
Qualified in Erie County
No. 01MA5012402
Commission Expires June 15, 20 11